

BUDGET, FINANCE & INVESTMENT COMMITTEE

March 7, 2013

5:30 P.M.

Courthouse

MINUTES:

<u>Members Present:</u>	<u>Others Present:</u>	<u>Others Present:</u>	<u>Others Present:</u>
Comm. Charlie Baum	Ernest Burgess	Pam Furlong	Robert Brown
Comm. Joe Frank Jernigan	Teb Batey	Sumner Bouldin	Lynn Duke
Comm. Will Jordan	Rob Mitchell	Bernard Salandy	Ben Morris
Comm. Robert Peay, Jr.	Don Odom	David Jones	Sam Coleman
Comm. Steve Sandlin	Lisa Nolen	Larry Farley	Steve Schroeder
Comm. Doug Shafer	Melissa Stinson	Joe Russell	Elaine Short
Comm. Joyce Ealy, Chr.	Jeff Sandvig	Randy Garrett	

Chairman Ealy presided and called the meeting to order with all members being present.

APPROVE MINUTES:

The minutes of the February 7, 2013 Budget Committee meeting were presented for approval.

Comm. Jernigan moved, seconded by Comm. Sandlin to approve the minutes as presented.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that the LGIP interest rate for the month was .14%. There were no investment bids during the month. Mr. Batey informed the committee that the FDIC was insuring non-interest bearing accounts above \$250,000, but when the tax law changed at the end of the year, the unlimited insurance went away. The banks have moved their larger depositors into sweep accounts, and have required that the money that is no longer insured to be collateralized. Mr. Batey advised that all of the county's money had to be collateralized as part of the county's agreements. Not only are rates low, but because the collateral has been tied up, the dynamics have changed until it settles out. Hopefully, there will be more interest from the banks to invest the county's money, and things will improve throughout the year.

Following review, Comm. Peay moved, seconded by Comm. Shafer to approve the Investment Report as presented.

The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

Finance Director Lisa Nolen presented the monthly Fund Condition Report for the month ending February, 2013 advising that the Development Tax collections for the month totaled \$573,750. The year-to-date collections were \$1,609,500. This compared to the same period last year when the February, 2012 collections totaled \$357,750 with the year-to-date collections being \$866,250.

The committee reviewed the fund cash balances totaling \$225,610,860 with operating funds being \$210,494,673 and borrowed funds being \$15,116,187. This compared to the prior year when the total cash balances were \$256,296,124 with operating funds being \$205,982,326 and borrowed funds being \$50,313,798.

The Finance Director reported that the county had closed on the two refunding bond issues and pre-paid some interest that would normally have been due later in the year.

The Finance Director reviewed the revenue collections advising that the revenue collections in the General Fund were 78% collected for the year. However, the current property tax collections were approximately \$100,000 less than the same period in the prior year. She advised that the current property tax collections were down in all funds. She reminded the committee that at the previous Budget Committee meeting, she had informed the committee that some refunds had been made regarding the PILOT Agreements. The revenue from the PILOT Agreements only affected the General Fund. Another refund had been made to Tippman Realty Partners/Interstate Warehousing, Inc. for \$122,917. She explained that at the end of the year, the Payment in Lieu of Tax collections would have to be adjusted down by approximately \$464,000. However, sales tax collections were up, as well as the hotel/motel tax collections, and the hope was that the increases in these revenue accounts would offset some of the decreases in the PILOT revenue.

The Finance Director advised that the Solid Waste Fund did not receive property tax revenue, but the increase in the sales tax collections had resulted in over 100% of the local taxes being collected at the end of February. The increase in the sales tax collections also resulted in 7.4% more being collected in the General Purpose School Fund than at the same time in the prior year. The revenue collections in the Debt Service Fund were also ahead of projections, primarily because of the increase in the Development Tax collections.

Following review, Comm. Sandlin moved, seconded by Comm. Jernigan to approve the monthly Fund Condition Report as presented.

The motion passed unanimously by acclamation.

RISK MANAGEMENT – INSURANCE FINANCIAL REPORT:

Mrs. Melissa Stinson, Risk Management Director, presented the monthly Insurance Financial Report advising that the cost per employee per month for the Employee Insurance Fund was \$585.77. This compared to \$684.54 for the same period in the prior year. The year-to-date average cost was \$819.21 compared to \$821.08 for the prior year. When the onsite medical clinics were included, the cost per employee per month was \$620.01 compared to prior year of \$714.23. This resulted in a year-to-date average cost of \$854.54 compared to \$851.89.

For the monthly work injury performance, the year-to-date claims costs were \$555,553 compared to \$785,205 in the prior year.

Comm. Sandlin moved, seconded by Comm. Jordan to approve the monthly Insurance Financial Report as presented.

The motion passed unanimously by acclamation.

PAM FURLONG – TENNESSEE REHABILITATION CENTER AT MURFREESBORO:

Ms. Pam Furlong, Manager Tennessee Rehabilitation Center, addressed the committee advising that the monthly statements for the electric bill were not mailed directly to her but were mailed to the State of Tennessee, Department of Finance and Administration, and therefore she was unable to monitor them on a monthly basis. She explained that the electric meter had been replaced, and the electric bill increased from \$500 to \$700 per month to thousands of dollars per month. She advised that her utility account would be short by approximately \$17,000. She was informed that the old meter had not been working correctly for several years, and that the new meter was correct. She advised that she was making the committee aware that the 2013-14 budget request would reflect the increase.

RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD AUTHORIZING THE ISSUANCE OF REVENUE BONDS FOR GOODWILL INDUSTRIES OF MIDDLE TENNESSEE:

Mr. Sumner Bouldin was present and advised the committee of a Resolution adopted by the Industrial Development Board for the issuance of revenue bonds not to exceed \$10 million in

one or more issues and/or series to be loaned to Goodwill Industries of Middle Tennessee, Inc. Mr. Bouldin advised that Goodwill was proposing to construct three stores and job training centers one of which would be located in Rutherford County. The other locations were in Hendersonville and Mt. Juliet. The reason there was only one request was because the statute allowed the borrower, such as Goodwill, to ask one county to approve all three thereby allowing the borrower to receive some economies of scale such as the cost of issuance for one bond issue as opposed to three bond issues. Mr. Bouldin advised that there was no tax abatement request. He stated that there would be no penalty to the county or to the IDB.

Following discussion, Comm. Shafer moved, seconded by Comm. Jernigan to approve the Resolution of the Industrial Development Board for the issuance of revenue bonds in the total amount not to exceed \$10 million to be loaned to Goodwill Industries of Middle Tennessee, Inc. to assist it in financing a portion of the cost of acquiring three parcels of real property located in Hendersonville, Murfreesboro, and Mt. Juliet for constructing and equipping on each site an approximately 30,000 square foot facility to house a retail store, donation center, and Career Solutions training center to be operated by the company and to forward the Resolution to the County Commission.

The motion passed unanimously by acclamation.

Comm. Shafer requested that at the next IDB meeting, Mr. Bouldin request a report from the IDB as to the number of tax abatement properties and if the companies were abiding by the requirements.

GENERAL FUND BUDGET AMENDMENTS

ARCHIVES:

The Finance Director advised that one of the MTSU graduate students in the Archives Department had been offered a career job and had left employment. She requested approval of the following budget amendment to use some of the unused funds for tuition reimbursement to provide funding for additional part-time employment and the related benefits:

From: 101-51910-599 – Other Charges -	\$1,876
To: 101-51910-169 – Part Time Personnel -	\$1,740
101-51910-201 – Social Security -	110
101-51910-212 – Employer Medicare -	26

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfer for the Archives Department as requested transferring \$1,876 from Account 101-51910-599, Other Charges, with \$1,740 to Account 101-51910-169, Part Time Personnel, \$110 to Account 101-51910-201, Social Security, and \$26 to Account 101-51910-212, Employer Medicare.

The motion passed unanimously by roll call vote.

BOARD OF EQUALIZATION/REAPPRAISAL:

Mr. Rob Mitchell, Property Assessor, requested approval of the following budget amendment to provide sufficient funding to pay for the Cost Analysis Valuation System Subscription at \$2,995.

From: 101-51210-308 – Board of Equalization Consultants -	\$3,000
To: 101-52310-499 – Reappraisal Other Supplies & Materials -	\$3,000

Comm. Sandlin asked if this would be a continuing charge or a one-time cost.

Mr. Mitchell advised that it would be a continuing cost of \$2,995 every year. Mr. Mitchell advised that the Cost Analysis Valuation System would be used in the case of a forced assessment or an audit on a schedule. The system had been tested nationally and had cost codes

associated with each type of business. If a business failed to file, the system contained cost codes for every type of equipment the business might have. If the forced assessment was questioned or appealed, the Assessor's Office would have documentation from a nationally syndicated firm stating what equipment they should have and the value. Mr. Mitchell advised that his office was allowed to use the system free for 60 days

Comm. Peay moved, seconded by Comm. Sandlin to approve the budget amendment as requested amending \$3,000 from Account 101-51210-308, Board of Equalization Consultants, to Account 101-52310-499, Reappraisal Other Supplies and Materials.

The motion passed unanimously by roll call vote with Comm. Shafer advising that he did not work in this area of the Assessor's Office.

CORRECTIONAL WORK CENTER:

Superintendent Bernard Salandy, Correctional Work Center, was present and requested approval of the following budget transfer to provide sufficient funding to install two circuit boxes in the pods. Superintendent Salandy advised that the inmates had GPS bracelets and the additional outlets would be used to recharge the bracelets. Also, the additional outlets would be the power source for a pod kiosk, which would allow the inmates to order items from the commissary and make medical requests:

From: 101-54220-418 – Equipment & Machinery Parts -	\$2,778
To: 101-54220-335 – Maint./Repair Buildings -	\$2,778

Comm. Jernigan moved, seconded by Comm. Shafer to approve the budget transfer for the Correctional Work Center as requested transferring \$2,778 from Account 101-54220-418, Equipment and Machinery Parts, to Account 101-54220-335, Maintenance and Repair Buildings.

The motion passed unanimously by roll call vote.

BUILDING CODES:

Mr. David Jones, Building Codes Director, requested approval of the following budget amendment to provide sufficient funding for the Gasoline Account to complete the fiscal year:

From: 101-58900-425 – Miscellaneous Gasoline -	\$6,000
To: 101-54510-425 – Building Codes Gasoline -	\$6,000

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfer for the Building Codes Department as requested amending \$6,000 from Account 101-58900-425, Miscellaneous Gasoline, to Account 101-54510-425, Building Codes Gasoline.

The motion passed unanimously by roll call vote.

RESTRICTED FOR CAPITAL PROJECTS:

The Finance Director advised that a refund of \$10,723 had been received from Motorola for equipment that was returned regarding the Sheriff's Department Dispatch Office. Funding for the project was provided from the Development Tax. The Finance Director requested approval of the following budget amendment to recognize the refund received from Motorola and place the funds back into the Restricted for Capital Projects Account:

Increase Revenue: 101-44170 – Miscellaneous Refunds -	\$10,723
Increase: 101-34585 – Restricted for Capital Projects -	\$10,723

Comm. Jordan moved, seconded by Comm. Shafer to approve the budget amendment as requested increasing Revenue Account 101-44170, Miscellaneous Refunds, by \$10,723 and increasing Account 101-34585, Restricted for Capital Projects, by \$10,723.

The motion passed unanimously by roll call vote.

FIRE AND RESCUE:

Fire Chief Larry Farley requested approval of the following budget amendment to provide sufficient funding for the Diesel Fuel and Gasoline Accounts to complete the fiscal year using the pooled gasoline account in the Miscellaneous Category:

From:	101-58900-425 – Miscellaneous Gasoline -	\$15,200
To:	101-54320-412 – Fire & Rescue Diesel Fuel -	\$12,000
	101-54320-425 – Fire & Rescue Gasoline -	3,200

Comm. Peay moved, seconded by Comm. Sandlin approve the budget amendment for the Fire and Rescue Department as requested amending \$15,200 from Account 101-58900-425, Miscellaneous Gasoline, with \$12,000 to Account 101-54320-412, Diesel Fuel, and \$3,200 to Account 101-54320-425, Gasoline.

The motion passed unanimously by roll call vote.

MISCELLANEOUS/OPERATING TRANSFERS:

The Finance Director requested approval of the following budget amendment to provide sufficient funds for the estimated project budget for the reconstruction of the 5500 Elam Road Fire Hall. Mrs. Nolen advised that Account 101-58900-505, Judgments, was the account used to transfer monies to the Self-Insurance Fund to pay property and casualty claims. The amendment requested that funds be transferred to the General Capital Projects Fund to account for the construction project:

From:	101-58900-505 – Judgments -	\$178,300
To:	101-99100-590 – Transfers Out -	\$178,300

Comm. Peay moved, seconded by Comm. Jordan to approve the budget amendment as requested amending \$178,300 from Account 101-58900-505, Judgments, to Account 101-99100-590, Transfers Out.

Comm. Baum asked about the Judgments Account and if all of the money originally budgeted would not be needed.

The Finance Director advised that she reviewed the account, and she believed it would be okay for now unless something happened before the end of the year.

Comm. Jordan advised he had looked at the building, and he had some experience in building, and he did not see any reason to raze the building. He stated that it was very fixable, in his opinion.

Comm. Jernigan stated that it had a lot of cracked block.

Mayor Burgess advised that all of the cores of the block in the entire building would be filled with concrete.

Comm. Shafer advised he had looked at the building, as well, and he did not see any problem with rebuilding it.

Following discussion, the motion to approve the budget amendment as requested to provide funding to reconstruct the Elam Road Fire Hall amending \$178,300 from Account 101-58900-505, Judgments, to Account 101-99100-590, Transfers Out, passed by roll call vote with Commissioners Jernigan and Sandlin voting “no”.

SHERIFF'S DEPARTMENT/JAIL:

Chief Deputy Joe Russell was present to request approval of the following budget amendments to recognize revenue of \$2,400 from donations and contributions to be appropriated for the memorial garden, shop with the sheriff, and SCAN; to recognize revenue of \$500 from mounted patrol donations to be appropriated for mounted patrol; to recognize revenue of \$1,964 from the sale of materials to be appropriated for the memorial garden, Explorers, and the vegetable garden; to recognize revenue of \$6,421 from the sale of recycled materials to be appropriated for maintenance and repair of the building and the vegetable garden; to transfer \$2,500 from the Sheriff's Department overtime and the related benefits to the Sex Offender Registry overtime pay and related benefits; to transfer \$15,000 from the Sheriff's Department overtime and the related benefits to the Detention overtime pay and the related benefits; and to transfer \$6,258 from the Detention Other Contracted Services to the maintenance and repair of the building:

Increase Revenue:	101-44570 – Contributions & Gifts -	\$2,400
Increase Expend.:	101-54110-399 – Sheriff Other Contracted Svc. -	\$2,390
	101-54110-499 – Sheriff Other Supplies/Mat. -	10
Increase Revenue:	101-44570 – Contributions & Gifts -	\$ 500
Increase Expend.:	101-54110-399 – Sheriff Other Contracted Svc. -	500
Increase Revenue:	101-44130 – Sale of Supplies & Materials -	\$1,964
Increase Expend.:	101-54110-399 – Sheriff Other Contracted Svc. -	\$1,536
	101-54210-499 – Jail Other Supplies & Materials -	428
Increase Revenue:	101-44145 – Sale of Recycled Materials -	\$6,421
Increase Expend.:	101-54210-335 – Jail Maint./Repair Building -	\$1,281
	101-54210-499 – Jail Other Supplies/Materials -	5,140
From:	101-54110-187 – Sheriff's Dept./Overtime Pay -	\$2,500
	101-54110-201 – Sheriff's Dept./ Social Security -	155
	101-54110-212 – Sheriff's Dept./ Employer Medicare -	36
	101-54110-204 – Sheriff's Dept./ State Retirement -	316
To:	101-54160-187 – Sex Offender Reg./Overtime Pay -	\$2,500
	101-54160-201 – Sex Offender Reg./Social Security -	155
	101-54160-212 – Sex Offender Reg./Employer Medicare -	36
	101-54160-204 – Sex Offender Reg./State Retirement -	316
From:	101-54110-187 – Sheriff's Dept./Overtime Pay -	\$15,000
	101-54110-201 – Sheriff's Dept./Social Security -	930
	101-54110-212 – Sheriff's Dept./Employer Medicare -	220
	101-54110-204 – Sheriff's Dept./State Retirement -	1,910
To:	101-54210-187 – Jail Overtime Pay -	\$15,000
	101-54210-201 – Jail Social Security -	930
	101-54210-212 – Jail Employer Medicare -	220
	101-54210-204 – Jail State Retirement -	1,910
From:	101-54210-399 – Jail Other Contracted Services -	\$ 6,258
To:	101-54210-335 – Jail Maint./Repair Building -	\$ 6,258

Following review Comm. Peay moved, seconded by Comm. Jernigan to approve the budget amendments and transfers for the Sheriff's Department as requested increasing Revenue Account 101-44570, Contributions and Gifts, by \$2,400 and increasing Expenditure Accounts 101-54110-399, Sheriff's Department Other Contracted Services, by \$2,390 and 101-54110-499, Sheriff's

Department Other Supplies and Materials, by \$10; increasing Revenue Account 101-44570, Contributions & Gifts, by \$500 and increasing Expenditure Account 101-54110-399, Sheriff's Department Other Contracted Services, by \$500; increasing Revenue Account 101-44130, Other Supplies and Materials, by \$1,964 and increasing Expenditure Accounts 101-54110-399, Sheriff's Department Other Contracted Services, by \$1,536 and 101-54210-499, Jail Other Supplies and Materials, by \$428; increasing Revenue Account 101-44145, Sale of Recycled Materials, by \$6,421 and increasing Expenditure Accounts 101-54210-335, Jail Maintenance and Repair Building, by \$1,281 and 101-54210-499, Jail Other Supplies and Materials, by \$5,140; transferring \$2,500 from Account 101-54110-187, Sheriff's Department Overtime Pay, \$155 from Account 101-54110-201, Sheriff's Department Social Security, \$36 from Account 101-54110-212, Sheriff's Department Employer Medicare, and \$316 from Account 101-54110-204 Sheriff's Department State Retirement; with \$2,500 to Account 101-54160-187, Sex Offender Registry Overtime Pay, \$155 to Account 101-54160-201, Sex Offender Registry Social Security, \$36 to Account 101-54160-212, Sex Offender Registry Employer Medicare, \$316 to Account 101-54160-204, Sex Offender Registry State Retirement; transferring \$15,000 from Account 101-54110-187, Sheriff's Department Overtime Pay; \$930 from Account 101-54110-201, Sheriff's Department Social Security, \$220 from Account 101-54110-212, Sheriff's Department Employer Medicare, and \$1,910 from Account 101-54110-204, Sheriff's Department State Retirement; with \$15,000 to Account 101-54210-187, Jail Overtime Pay, \$930 to Account 101-54210-201, Jail Social Security, \$220 to Account 101-54210-212, Jail Employer Medicare, and \$1,910 to Account 101-54210-204, Jail State Retirement; transferring \$6,258 from Account 101-54210-399, Jail Other Contracted Services, to Account 101-54210-335, Jail Maintenance and Repair Building.

The motion passed unanimously by roll call vote.

DRUG CONTROL FUND BUDGET AMENDMENT:

Chief Deputy Russell next requested approval of the following Drug Control Fund budget amendment to recognize revenue from a K-9 narcotics donation to be appropriated for animal food and supplies:

Increase Revenue:	122-44570 – Contributions & Gifts -	\$414
Increase Expend.:	122-54150-401 – Animal Food & Supplies -	\$414

Comm. Jordan moved, seconded by Comm. Sandlin to approve the budget amendment for the Drug Control Fund as requested increasing Revenue Account 122-44570, Contributions and Gifts, by \$414 and increasing Expenditure Account 122-54150-401, Animal Food and Supplies, by \$414.

The motion passed unanimously by roll call vote.

SPECIAL PURPOSE (DEA) FUND BUDGET AMENDMENT:

Chief Deputy Russell next requested approval of the following Special Purpose Fund budget amendment to recognize revenue of \$9,496 from asset forfeiture funds to be appropriated for confidential enforcement:

Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$9,496
Increase Expend.:	121-54110-319 – Confidential Enforcement -	\$9,496

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget amendment for the Special Purpose Fund as requested increasing Revenue Account 121-47700, Asset Forfeiture Funds, by \$9,496 and increasing Expenditure Account 121-54110-319, Confidential Enforcement by \$9,496.

The motion passed unanimously by roll call vote.

SOLID WASTE/SANITATION FUND BUDGET AMENDMENT:

The Finance Director requested approval of the following Solid Waste/Sanitation Fund budget amendment to provide funding to purchase the Lascassas Convenience Center:

From: 116-34730 – Assigned for Public Health & Welfare -	\$131,000
116-55732-724 – Convenience Centers Site Development -	92,000
To: 116-55732-715 – Land -	\$223,000

Comm. Jordan moved, seconded by Comm. Peay to approve the Solid Waste/Sanitation Fund budget amendment as requested amending \$131,000 from Account 116-34730, Assigned for Public Health & Welfare, and \$92,000 from Account 116-55732-724, Convenience Centers Site Development, with a total of \$223,000 to Account 116-55732-715, Land.

The motion passed by roll call vote with Commissioners Baum, Jernigan, Jordan, Peay and Ealy voting “yes”; and Commissioners Sandlin and Shafer voting “no”.

RECOMMENDATION TO PROVIDE FUNDING FOR THE DESIGN OF AN ADDITION TO SMYRNA PRIMARY SCHOOL AND TO AUTHORIZE FUNDING FOR THE CONSTRUCTION OF AN ANNEX FOR BLACKMAN MIDDLE SCHOOL:

Mr. Don Odom, Director of Schools, and Mr. Jeff Sandvig, Assistant Superintendent were present to request approval of funding for the design of the Smyrna Primary School addition and the construction of the Blackman Middle School annex.

Chairman Ealy advised that the Health & Education Committee had forwarded two recommendations to the Budget Committee. The first recommendation was a motion made by Commissioner Jeff Phillips, seconded by Commissioner Cook to amend the original motion to fund the design of the Smyrna Primary addition with the intention of funding the entire project. The amendment passed unanimously.

The second recommendation from the Health & Education Committee was a motion by Commissioner Will Jordan, seconded by Commissioner Allen to fund the Blackman Middle annex project and forward the same to the Budget Committee. The motion passed by roll call vote with Commissioner Turner voting “no”.

Chairman Ealy asked the committee to focus on the funding for the design of the Smyrna Primary addition first.

Comm. Jordan stated that the Health & Education Committee realized that there would be enough time to do the design of the Smyrna Primary addition and then focus on the construction during the budget process, but on the Blackman Middle annex there was not enough time to delay the project in order for the annex to be open by 2014.

The Finance Director advised that there was not enough money on hand to fund the entire projects, and the money would have to be borrowed. However, she advised that there might be enough money within the School Building Projects Fund for the design. She advised that at the end of February, there was \$155,000 remaining in the Eagleville addition project and there might also be some money available in the Stewarts Creek High School project. She advised that there had been some discussions with Mr. Sandvig, but the information had not been presented to the School Board at this time.

Information was presented regarding possible school projects through August 2018. The report showed that the design cost for the Blackman Middle Annex was estimated at \$309,000, and the estimated design cost for the Smyrna Primary addition was \$105,000. The total cost for the Blackman Middle annex project was estimated at \$7,400,133, and the estimated cost for the Smyrna Primary addition was \$2,506,288.

Comm. Jordan advised that the Health & Education Committee had a lengthy discussion about the growth in the county, and that the school enrollment had grown by 1,000 students this year, and could possibly be more next year. He stated that what he liked about additions was the fact that there was not as much of an increase to the operating cost, even though he stated that he did not like the idea of a mega school. He stated that the startup costs were unbelievable on a new school, and the county would be avoiding that with the addition to Smyrna Primary and the Blackman Middle annex.

Comm. Peay asked how rezoning was being used to fully utilize some of the schools.

Mr. Odom advised that after the public hearings regarding the rezoning, the board was waiting to see what the City of Murfreesboro was going to do as far as building a new school. He advised that Murfreesboro had acquired property for a new school, and within a year there should be another school in the area. He stated that would alleviate some of the overcrowding issues. He stated that the board listened to the constituents just like commissioners did, and if the rezoning was done now knowing that the City of Murfreesboro was going to build a new school, it was possible that some of the students could be moved three years in a row and that was not the best thing for children. He stated that the board might put another portable at Blackman for one more year to try to handle the overcrowding until the city's new school was built. He stated that the major rezoning for next year would be Stewarts Creek High School.

Mr. Odom explained that the enrollment grew by 1,000 students and of that total 470 were students in the four high schools, which was very unusual. He stated that it was a good thing that Stewarts Creek High was opening and that it was a wise decision. He stated that the board was trying to think outside of the box with some of the additions that have lower initial costs. He referred to the five-year building program that proposed a new elementary school, middle school and possibly another high school if the growth continued.

Mr. Odom stated that one issue that Rutherford County had was no reserve capacity. He stated that no reserve capacity probably caused the board to come back to the County Commission more often for funding a school.

The Finance Director presented information regarding the county's debt service. She advised that if the annex was opening in the fall of 2014, the county would need to borrow the money one year prior to that. She reminded the committee that when the county borrows for elementary schools and middle schools, there was a sharing issue with the City of Murfreesboro. For the Smyrna Primary addition with an estimated cost of \$2,506,288, the county would have to borrow an additional \$411,610 to share with the City of Murfreesboro. On the middle school annex the county would be sharing with the City of Murfreesboro based only on the sixth grade. With an estimated cost of \$7,400,133, an additional \$388,931 would need to be borrowed to share with the City of Murfreesboro. She advised if both projects were approved, approximately \$10.7 million would be needed.

The Finance Director reminded the committee that there were also some General Capital projects on the horizon that needed to be considered.

The Finance Director gave a history of the value of a penny and how it had increased over the years due to healthy increases in assessment values until this year. There was a .6% increase in assessments for 2011-12, and a .9% increase in assessments was being projected for 2012-13. She gave an estimate of revenue projections for the Debt Service Fund. A schedule of the debt service requirements was presented, and the Finance Director advised that a \$9.6 million three-year capital outlay note would be coming due next fiscal year. She stated that more than likely it would be refinanced next year and replaced with long-term debt.

The Finance Director advised that the two refunding bond issues had closed, and that a savings of \$3.7 million had been achieved on the tax exempt refunding and a savings of \$1.5 million had been achieved on the taxable refunding for a total savings of \$5.3 million. The refunding issue was structured so that the savings would be realized in the next three years in order to provide some relief. She advised that it was being estimated that the revenue in the debt service fund

would be approximately \$2.5 million under the appropriations, and next year it was being estimated that the revenue would be approximately \$1.2 million short.

The Finance Director reviewed estimations of the Debt Service Fund ending fund balance. Assuming that the fund needed to retain 65% of the estimated appropriations in the fund balance, she advised that approximately \$27 million would be needed. It was estimated that the ending fund balance would end with approximately \$30 million, which would be \$3 million above the 65% requirement. Next year it was being estimated that there would be \$2.6 million excess fund balance. She explained that it would take \$67,000 in the Debt Service Fund per year to repay \$1 million in debt over 20 years.

The Finance Director stated that it was her opinion that \$10 million could be borrowed for both the Smyrna Primary addition and the Blackman Middle annex without additional revenue going into the Debt Service Fund. She explained that the \$9.6 million capital outlay note would come due in April, 2014. Until that time and before the School Board approved a contract for the Smyrna Primary addition and the Blackman Middle annex, the committee and the County Commission would be requested to approve an internal note from the Debt Service Fund until the county went to the bond market, which would be timed at the same time that the \$9.6 million note would be due.

Comm. Baum stated that he was convinced that the two school projects were needed, but he was concerned about the timing of it, because it seemed when the county approved capital projects one at a time, it precluded discussions on other capital projects. He stated that other capital projects had been presented such as the judicial building project. He stated in considering the two school projects, but not discussing the judicial building project or other capital projects, it almost precluded those other projects. He stated it might be the case that the two school projects were a top priority, and that other projects might not need discussing, because the two school projects were the only projects that needed funding at this point. He stated if it was decided at this meeting to fund the two school projects, the county was limiting what other projects could be funded. He asked if the committee should have a discussion as to what the top priorities were.

Mayor Burgess stated if the two school projects were funded, it appeared that could be done and the county would still have the ability to move forward.

Comm. Sandlin asked if it was still being projected that Stewarts Creek High School would be able to open without an adjustment to the tax rate.

The Finance Director reminded that the committee that the current fiscal year school budget was adopted \$9 million out of balance.

Mr. Sandvig stated that he was reasonably confident that there would be approximately \$9 million available in the General Purpose School Fund at the end of the year that could be used for next year's operating budget.

Comm. Baum stated that the Debt Service Fund was being looked at independently, but the County Commission did have the ability to reallocate a portion of the property tax rate to other funds. He estimated that \$11 million borrowed at 3% over 20 years would require approximately \$700,000 or more in debt service payments. Since some of the property tax rate could be reallocated to other funds, it meant that these projects were indirectly competing against other projects that were not capital projects such as the SRO's or other expenditures such as increased healthcare costs. He stated that in a month or two the committee would be finding out about other expenses such as the increased healthcare costs, as well as a little more information about the revenues. He stated there would be more information about the other competing projects like the SRO's. He stated if a decision was delayed until another month or two, there would still be the option of supporting the school projects, but the committee would have a better picture about funding for other projects. He stated that he was convinced the two school projects were needed, and the committee should be excited that the School Board was thinking outside of the box with the additions and annexes instead of new schools. He stated that committing to borrowing \$10 million or \$11 million now precluded a lot of other things.

Comm. Jordan stated that the Health & Education Committee had the exact same conversation and that was why it was only recommended to fund the design for Smyrna Primary, but in order for the middle school annex to open in 2014 there was no time to wait. He stated that the Health & Education Committee did not recommend funding \$10 million. They recommended \$7.4 million for the Blackman Middle annex and \$105,000 for the design of the Smyrna Primary addition. He stated if the school was not open in 2014, more portables would have to be purchased, which would still be expending money.

Comm. Sandlin stated that it appeared that the committee could approve the funding for the design on both the Smyrna Primary addition and the Blackman Middle annex and get that going, but wait on the funding for the construction phase.

Comm. Jordan stated that Mr. Clardy stated that there was not enough time to wait on the budget process in order for the Blackman annex to be completed by the fall of 2014.

Comm. Baum stated that it would only be a delay of approximately one month, and the budget process would be underway.

Comm. Sandlin stated that he agreed with Comm. Baum.

Mr. Odom stated that he did not really want to spend more money on portables. He reviewed the enrollment numbers with the committee. He stated that there was no reserve capacity.

Mayor Burgess stated it would probably take 60-90 days for the design to be completed and bids could be taken. He stated that it appeared that the need for the middle school annex was inevitable. He stated that if the committee did not want to approve a firm commitment, it would be approximately June 1 before the plans would be ready. He stated that the committee could decide whether to fund it all now or wait until soon after June 1, but once the bids were taken, the commission would have to fund it. He stated that the decision did not have to be made today, but in all probability, funding would have to be approved.

Following discussion, Comm. Jernigan moved, seconded by Comm. Jordan to approve the recommendation of the Health and Education Committee to fund \$105,000 for the design of the Smyrna Primary addition and \$7,400,133 for the design, furniture, fixtures, engineering and construction of the Blackman Middle School annex with the initial design money to be funded from internal funds from the Other Capital Projects Fund and the balance of the funding for the Blackman Middle School annex to be funded through a future borrowing.

Comm. Baum stated that he would have to vote against the motion, because he thought there was too much economic uncertainty and too many competing expenditures for capital projects and other recurring expenses. He stated that he would like to be able to vote on this issue in another month or two.

Comm. Jordan stated that the county was not under a federal mandate as to how many people could be in a courtroom, but the county was under a mandate regarding classroom size. He stated that the county would not want to be assessed a fine for not meeting the classroom size.

Mr. Odom stated that the fine would be \$55,000 to \$65,000 per class in a high school.

Comm. Sandlin stated that he agreed with Comm. Baum and would be voting against the motion. He stated that more preparation regarding the funding for the school should have been given to the Budget Committee prior to this meeting. He stated that he believed only the design phase should be approved for now, and then the entire projects could be looked at during the budget process.

Following discussion, the motion to approve the recommendation of the Health and Education Committee to fund \$105,000 for the design of the Smyrna Primary addition and \$7,400,133 for the design, furniture, fixtures, engineering and construction of the Blackman Middle School annex with the initial design money to be funded from internal funds from the Other Capital

Projects Fund and the balance of the funding for the Blackman Middle School annex to be funded through a future borrowing passed by roll call vote with Commissioners Jernigan, Jordan, Peay, Shafer, and Ealy voting “yes”; and Commissioners Baum and Sandlin voting “no”.

ANNUAL REPORT OF FIXED ASSETS:

Finance Director Lisa Nolen and Robert Brown, Fixed Assets Coordinator, presented the Annual Report of Fixed Assets for the Fiscal Years 2010-2011 and 2011-2012 for the information of the committee.

Mrs. Nolen advised that in 2010-11 30 schools were reviewed and 24 county departments were reviewed. In 2011-12 19 school properties and 7 county departments were reviewed.

Mr. Brown explained if a location showed 99% complete that meant that 99% of the assets were found when the location was inventoried. Anything less than 98.5% would warrant that the location be revisited the next year. Mr. Brown reviewed the lists of missing assets for 2010-11 and 2011-12. He explained that missing assets were assets that had been searched for two years in a row, and they had not been found the first year or the second year.

Following review, Comm. Sandlin moved, seconded by Comm. Peay to approve the Annual Report of Fixed Assets for the Fiscal Years 2010-2011 and 2011-2012 as presented.

The motion passed unanimously by acclamation.

RECOMMENDATION APPROVING CONCEPT TO BUILD OUT ARCHIVES BUILDING:

Chairman Ealy advised that the Property Management Committee approved a motion by Comm. Gooch, seconded by Comm. Coggin to approve the concept of the Archives build out to hold the Linebaugh Library history room materials and forward to the Budget Committee. The motion passed unanimously by acclamation.

At the Property Management Committee, Mr. Lodl advised that Hastings Architectural Associates designed the original building and provided a cost estimate of \$1,431,750 in December, 2011 for the build out excluding fees, FF&E, permits, expenses, etc.

Mayor Burgess advised that the committee would be agreeing that it was a reasonably good idea. He stated that the Linebaugh Library staff had been talking to Mr. Lodl about this for about a year and a half. He stated that Linebaugh was out of space at the main library, and they were proposing to move the materials, books, etc. from the genealogy research room to an expanded area of the county's Archives Building; therefore, freeing up space at Linebaugh. Mayor Burgess stated that he did not know what the cost would be, but the addition would be approximately 8,000 square feet, and it could be more than \$1 million. He stated that the research area would be staffed by a Linebaugh Library employee. He stated that the proposal was conceptual, and no funding was being requested at this time. He stated that discussions with Linebaugh would continue, the cost would be more closely estimated, and it would be determined if some other funding sources were available before anything was brought forward to the Budget Committee. He stated that it was a great idea, and it would consolidate all of the genealogy research into one space. Mayor Burgess stated that he did not believe the concept of the project was ready to be presented to the County Commission at this point, as additional information needed to be gathered.

Comm. Baum moved, seconded by Comm. Sandlin to acknowledge the action of the Property Committee and that the Budget Committee had been informed of the concept of the Archives Building build out to hold the Linebaugh Library history room materials.

The motion passed unanimously by acclamation.

2013-14 BUDGET SCHEDULE:

A proposed 2013-14 budget schedule was presented to the committee to schedule meeting dates to review the departmental budgets.

Comm. Baum asked if it was possible to move the proposed meeting on June 18 to the following night of Wednesday, June 19. No objection was made by any member of the committee.

Comm. Jordan moved, seconded by Comm. Shafer to approve the 2013-14 budget schedule as follows:

- May 9, 2013 – 5:30 P.M. - Budget Committee regular meeting & 2013-14 budget overview
- May 15, 20, & 22, 2013 - 5:30 P.M. General Fund departmental budgets
- May 20, 2013 – will also review Volunteer Fire Departments, DEA Fund & Drug Control Fund
- May 21, 2013 – Joint Meeting with Health & Education to review school budgets at School Board Central Office
- May 22, 2013 – will also review Non-Profit Organizations, Economic Development Fund, Ambulance Service Fund, Solid Waste/Sanitation Fund, Highway Fund, and Debt Service Fund
- May 28, 2013 – 5:30 P.M. – General Purpose School Fund, Central Cafeteria Fund, Education Capital Projects Fund
- May 30, 2013 – 5:30 P.M. – Propose Annual Budget for Publication
- June 6, 2013 – 5:30 P.M. – Budget Committee regular meeting
- June 17, 2013 – 7:00 P.M. – Public Hearing on Budget
- June 19, 2013 – 5:30 P.M. – Discuss Public Hearing
- June 21, 2013 – Last date for Board of Education to adjust line items required by changes made by the Budget Committee
- June 26, 2013 - 5:30 P.M. – Any current year budget amendments. 2013-14 budget review, approve Tax Levy Resolution, Appropriation Resolution
- June 28, 2013 – 9:00 A.M. County Commission meeting to adopt budget proposal

The motion passed unanimously by acclamation.

REPORT ON DEBT OBLIGATION:

Chairman Ealy advised that the Finance Director was required to present a Report on Debt Obligation as a result of the two refunding bond issues via Form CT-0253.

The Finance Director presented a copies of Forms CT-0253 for the General Obligation Refunding Bonds, Series 2013A (non-taxable) and Series 2013B (federally taxable).

The face amount of the debt obligation for the Series 2013A(non-taxable) was \$38.4 million. A premium of \$5.4 million was received. The county received a rating of Aa1 from Moody's and a rating of AA+ from Standard & Poor's. The true interest cost was 2.4214%.

The face amount of the debt obligation for the Series 2013B (federally taxable) was \$27.3 million. This issue received the same ratings from Moody's and Standard & Poor's. The true interest cost was 1.5833%.

The Finance Director also pointed out the cost of issuance on both issues.

The Finance Director advised the committee of savings that had been achieved from refunding issues over the past four years. In 2010, the county saved \$5.7 million. In 2011, the county saved \$4.1 million. In 2012, the county saved \$3.7 million on the tax exempt issue and \$1.5 million on the taxable issue. A total of \$15,189,870 had been saved over the past four years.

REQUEST PERMISSION TO SUBMIT OJJDP GRANT APPLICATION FOR JUVENILE DETENTION:

Ms. Lynn Duke, Juvenile Detention Center Director, requested approval to submit an application to the Office of Juvenile Justice and Delinquency Prevention for at least \$250,000 for a Community-Based Violence Prevention Demonstration Program Grant requiring no matching funds. If approved, the grant would be performed in conjunction with the Smyrna Police Department.

Comm. Jordan asked Mrs. Duke to make sure if any employees were hired under the grant that they knew that the position might be terminated when the grant term was completed.

Comm. Sandlin moved, seconded by Comm. Jernigan to authorize the County Mayor and any other appropriate officials of Rutherford County to submit a grant application to the Office of Juvenile Justice and Delinquency Prevention for a Community-Based Violence Prevention Demonstration Program Grant for the Juvenile Detention Center with no matching funds required.

The motion passed unanimously by acclamation.

OTHER BUSINESS

Comm. Shafer advised of the La Vergne Rescue Squad's ham breakfast on Saturday, March 9 from 6:00 A.M. until 10:00 A.M.

GRANT APPLICATION FOR AMBULANCE SERVICE:

Mayor Burgess advised of another grant opportunity. He advised that a professor from M.T.S.U. was proposing a partnership on a grant with the Rutherford County Ambulance Service and National Health Corporation through the National Institute of Health. It would be an effort to try to stop the over-use of the Ambulance Service and emergency rooms. Statistics show that of 80,000 runs per year for individuals over the age of 65, 1,000 of those runs were for the same 238 people. They will be trying to find a way to see if that number can be reduced to improve the efficiency. The amount of the grant would be \$80,000 for one year with no matching funds required. Mayor Burgess requested permission to apply for the grant.

Comm. Shafer moved, seconded by Comm. Baum to authorize the County Mayor and any other appropriate officials of Rutherford County to submit a grant application in conjunction with M.T.S.U. and National Health Corporation to the National Institute of Health requiring no matching funds.

The motion passed unanimously by acclamation.

ADJOURNMENT:

There being no further business to be presented, Chairman Ealy declared the meeting adjourned at 7:38 P.M.

Elaine Short, Secretary